

**Proposal for an Internal CIA Approval System
Including Delegations of Authority**

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Introduction

1. The purpose of this paper is to present a detailed outline of how an internal Agency approvals system might be designed. There is no consistent attempt herein to create language that would be suitable, legally or otherwise, for wholesale incorporation into a regulatory issuance on this subject. Rather, the purpose is to provide an underpinning for the many elements of an appropriate regulation.

2. There is in this paper some vacillation in point of view. It was written with DD/R activities in mind, but there are occasional references to the DD/P in order to emphasize the similarities or contrasts between DD/R and DD/P business. If this paper is successful in its intent, the general scheme will be applicable to any Deputy Directorate, although the specific categories of action given are in the main illustrative only of DD/R functions.

Background and General Approach

3. The Agency's internal system for approving its activities should be designed to be an integral part of the Federal budgeting system, so that, insofar as possible, the information required both for approval by the Bureau of the Budget and Congress and for internal Agency approval may be presented with a minimum of duplication. The major purpose of the budget is to translate the Agency's assigned missions into terms of manpower, materiel and money; the major purpose of an approval system is to assure that managers at successive levels in an organization are asked to approve clusters of activities appropriate to their responsibilities. Accordingly, they should not be asked to approve activities that are either so broad as to constitute a carte blanche or so narrow as to inject managers into technical decisions more properly falling to lower levels in the organization. The end purpose of these procedures is to produce sufficient information upon which intelligent decisions may be rendered at successive levels, but not so much detail as to cause the making of such decisions at any level more difficult and less meaningful.

4. Historically, the Agency has at various times fallen into both of the most obvious pits. On the one hand annual program documents have over-generalized what the component proposed to accomplish, while simultaneously presenting an avalanche of detail that could be neither absorbed nor disposed of knowledgeably by management. Not unnaturally, these characteristics of the annual programming system have bred (or may be considered an outgrowth of) the traditional Agency procedure calling for approval of individual unrelated projects at the level of Deputy Directors and the Director. It should be noted here that the word "project" has been applied so loosely to everything from a singleton agent to a multi-million dollar undertaking of the size of an FEC or a U-2 program as to have lost validity as a category of activity. It might be well at the beginning to eliminate the use of the word "project" in attempting to categorize activities for review by the various levels of management in the Agency, and substitute the word "activity".

5. It is suggested that the three elements of a system to provide proper controls at proper levels are:

- a. An Annual Program,
- b. Periodic status reporting on it, and
- c. Provision for a method to give appropriate review to activities not contemplated in the original program or so changed in scope (either up or down) as to invalidate the approval originally given.

These three elements may be considered in turn.

Annual Program:

6. The Annual Program is conceived as the basic planning paper for each component. Taken together, these Annual Programs, possibly (but not necessarily) with additional comment from the appropriate Deputy Director, become the basic planning and authorizing documents for each Deputy Directorate. These programs, as amended during the year under a procedure to be discussed below, will normally be the only authorizing documents submitted above the level of individual deputy directors. It is the intent of this approach that the direction and level

of activities will be set by the Director once a year, and that within these guidelines individual deputy directors will be free, and responsible, to carry out their programs. Individual deputies may for internal management purposes require other authorization documents of their components, but are urged to use the annual programs as benchmarks.

7. In the DD/R, with its present composition, the major mission is to develop, manufacture, deploy, and operate advanced technical intelligence collection systems. Each of these systems can be categorized either by cryptonym (as has been done in most cases) or by a generally understood descriptive phrase. (A specific listing of these collection systems would exceed the classification of this paper) Major activities of a slightly different order are research and development on various sub-systems in support of the above-mentioned activities, and the operating of a processing facility for the products of the collection activities. Finally, of course, there must be provision for an administrative mechanism to manage these substantive activities. It is contemplated that eventually other types of activities will fall under the cognisance of the DD/R, and that such undertakings may not so logically stand individually. It may be necessary to group a number of these into a single activity, of which audio-surveillance devices are one readily imaginable category.

8. As new actions are undertaken they may be relatively easily set apart as separate activities or placed for management purposes under one of the existing headings. In any case, the categorization should allow essentially separate activities to be considered separately, and yet be individually of such size and discreteness as to argue against any further lumping together or fragmentation. It is recognized that the categories listed above are illustrative for the DD/R only, and that other Deputy Directorates would have entirely different categories, worked out in consultation with the Comptroller. The DD/P, for instance, would almost certainly use geographic areas as major categories.

9. a. The discussion of each substantive activity in the Annual Program for the DD/R would fall in most cases under the following headings:

(1) Research and development (and manufacturing, where applicable).

(2) Operations.

(3) Support.

b. Under each of these headings there should be a discussion which will illuminate at least the following points:

(1) Accomplishments in the past year, measured against goals set in the previous year's program (as amended during the year), with an explanation of deviations. Pertinent workload, mission, or other useful statistics should be included, if possible.

(2) Objectives for the program year. If the need to achieve these objectives is not self-evident, it should be explained. Known or potential impediments to the attainment of these objectives should be listed, as should measures required to remove anticipated impediments. If certain program objectives are contingent items, the rationale under which they are included should be given.

10. Financial schedules should be appended to the narrative. They need not be lengthy or minutely detailed, but it is imperative that the schedules included be easily relatable to the narrative to which they apply.

11. The Annual Program should be an authorizing document transmitted via the Comptroller for the signature of the Director or the Deputy Director if the former should so direct. The effect of the authorizing signature should be to empower the Deputy Director (Research) (or other individual deputy directors) to proceed with the activities as described in the program without further reference to the Director, provided that the over-all financial limit set for each major activity is not exceeded, that no change occurs in scope or emphasis to such an extent as to make further authorization of the DCI advisable, and that no political factors arise to warrant a change in the program. These latter two are, of course, matters of judgment with the deputy concerned and no monetary value may be assigned to them. It may be necessary to make substantial transfers of funds (within the over-all total for each activity) which raise no questions of policy. For example,

it may be necessary to replace very expensive pieces of equipment not involving a change in mission. On the other hand, the addition of a relatively inexpensive capability could conceivably raise a grave question of policy requiring further authorization from the Director.

Status Reporting

12. If, as contemplated in this proposal, a very extensive delegation of authority is to be granted Deputy Directors (and in turn, to component chiefs under Deputy Directors), it is incumbent upon those granted such delegations to report periodically on their stewardship. It is proposed that reports be submitted no less than semi-annually (more often for active undertakings) by operating components to their Deputy Director, who should then endorse or change them and forward through the Comptroller to the Director or his designee. This periodic report should adhere generally to the categories of discussion prescribed for the Annual Program, though obviously it will be a much shorter document. Additionally, it should include a brief recapitulation of program changes authorized by a Deputy Director or one of his component chiefs under the amending procedure discussed below. Financial attachments should include obligations incurred by each activity during the period, cumulations for the total period encompassed at the time of the report and, beginning with the third quarter, a projection of funds expected to be obligated under each category through the end of the fiscal year. It is to be noted that such periodic reports, besides being useful documents in themselves, will provide much of the material required in the preparation of the Annual Program for the ensuing year.

An Amendment Procedure for New Activities

13. In the research and development field (and possibly even more so in the covert collection and covert action field) changes will have to be made during the course of the program year in the activities proposed at the time the Annual Program was prepared. In research and development these changes may be expected to arise out of unanticipated failures or slippages in development programs, or new requirements growing out of changed world conditions or emergence of new technical ideas. The system should allow the Deputy Director (Research) to react quickly and flexibly to these situations, without, however, infringing the essential policy approving authority of the Director.

14. The device proposed to meet these circumstances is entitled the "Program Amendment". It will be required, as noted above, whenever the fund requirements for any given activity exceed those approved for that activity in the Annual Program or whenever a new development or contingency requires, in the judgment of the DD/R, further policy approval, without regard to the funds required. Although this is a matter of judgment of the DD/R, a prima facie case will be made for the submission of a Program Amendment to the Director via the Comptroller when a new requirement arises of a nature not associated with one of the activities of the basic Annual Program, even though the DD/R may be able by reallocation to finance the new development from funds under his control.

15. The Program Amendment should not be cast in a rigid format that may require answers to irrelevant questions and not solicit information on relevant ones. The Program Amendment should describe the nature of the change, explain how or why it came about, and describe in detail the sources of funds to be applied to accomplish it. Where funds are to be diverted from other on-going programs, discussion should be included on the relative importance of the gaining and losing activities.

16. The DD/R may himself request Program Amendments from his components to document changes in the Annual Program which, however, are not of sufficient magnitude or significance as to require approval by the DCI. Such Program Amendments approved by the DD/R on his own authority will be made briefly a matter of record in the next ensuing periodic report forwarded via the Comptroller to the Director.

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